

**OFFICE OF THE MISSISSIPPI SECRETARY OF STATE  
SECURITIES DIVISION**

<b>IN THE MATTER OF</b>	)	
	)	
	)	
<b>Brant Ray</b>	)	<b>Administrative Proceeding</b>
	)	<b>LS-15-1606</b>
	)	
	)	
<b><i>Respondent</i></b>	)	

**ORDER TO IMPOSE  
ADMINISTRATIVE PENALTY AND TO DENY REGISTRATION**

The SECRETARY OF STATE OF MISSISSIPPI, by and through the undersigned designated representative, hereby issues this Order to Impose Administrative Penalty and to Deny Registration to Brant Ray (“Ray” or “Respondent”), and in support hereof, states the following:

**I. JURISDICTION**

The Mississippi Securities Act, codified at Miss. Code Ann. Section 75-71-101, *et. seq.* (2010) (hereinafter “Act”), gives the authority to the Secretary of State to regulate the sale of securities and the entities and individuals that sell them under the Act and the Mississippi Securities Act Rules (hereinafter “Rules”).

**II. FINDINGS OF FACT**

**Employment History**

1. Respondent is a Mississippi-registered broker-dealer agent with a last known residence of 4073 Chaucer Cove, Southaven, MS 38672. The Central Registrations Depository (“CRD”) number for Respondent is 4746637.

2. From February 2010 through April 2013, Respondent was associated with Wells Fargo Advisors.
3. From May 9, 2013 to April 15, 2014, Respondent was registered with the Division as a broker-dealer agent with Commonwealth Financial Network's ("Commonwealth") branch office located in Southaven, Mississippi.
4. Commonwealth is a broker-dealer firm registered with the Division, having its principal place of business at 29 Sawyer Road, Waltham, Massachusetts 02453. Commonwealth's CRD Number is 8032. According to CRD, on or about April 15, 2014, Commonwealth terminated Respondent's association with the firm.
5. Respondent was most recently associated with the broker-dealer firm Cetera Advisors, LLC ("Cetera") from April 16, 2014 to January 2017, at its branch office located at 5699 Getwell Road, Building F Suite 3, Southaven, Mississippi 38672. The branch CRD number is 560145. Cetera terminated Respondent's employment effective December 31, 2016.

#### **Events**

6. On or about December 22, 2015, the Division received a formal complaint detailing Respondent's improper practice of borrowing money from customers. Shortly thereafter, the Division initiated an investigation.
7. On May 26, 2016, Respondent made verbal representations to the Division that he had borrowed money from a former customer, "CT," *after* his employment with Wells Fargo and *before* his employment with Commonwealth. Ray later provided an executed promissory note to the Division to substantiate the transaction, acknowledged receipt of the funds by cashier's check, and acknowledged that he deposited the funds from the loan from CT into

his personal checking account. The promissory note securing the loan from CT to Respondent was executed before a notary on March 25, 2014.

8. Upon review of documents and information regarding Respondent's borrowing activities, the Division found that "CT" was a customer of Respondent and Commonwealth from May 15, 2013 to May 5, 2014.
9. Respondent borrowed money from CT during the period in which Respondent was employed by Commonwealth and CT was Respondent's and Commonwealth's customer.
10. On or about October 15, 2016, Respondent made representations to the Division that FINRA had investigated the same allegation of his borrowing activities and had found no violations.
11. On December 13, 2016, Cetera filed a Form U-5 Amendment to acknowledge a FINRA investigation and to disclose that, among the potential violations for which Respondent could be sanctioned, was FINRA Rule 3240, "Borrowing From or Lending to Customers."
12. On or about January 5, 2017, the Division learned, through the withdrawal of Respondent's registration and U5 disclosure by Cetera, that FINRA had provided Ray with a *Wells* notice of impending enforcement action on December 13, 2016, including potential sanctions for violating FINRA Rule 3240.
13. Respondent is not currently registered with any firm.

### **III. APPLICABLE LAW**

14. Section 75-71-102 of the Act sets forth:

#### **General Provisions**

- (1) "Administrator" means the Secretary of State.
- (2) "Agent" means an individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities or represents an issuer in effecting or attempting to effect purchases or sales of the issuer's securities.

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(4) “Broker-dealer” means a person engaged in the business of effecting transactions in securities for the account of others or for the person’s own account.

15. Section 75-71-412 sets forth:

(a) **Disciplinary conditions-applicants.** If the administrator finds that the order is in the public interest and subsection (d) authorizes the action, an order issued under this chapter may deny an application, or may condition or limit registration of an applicant to be a broker-dealer, agent, investment adviser, or investment adviser representative, and, if the applicant is a broker-dealer or investment adviser, of a partner, officer, director, or person having a similar status or performing similar functions, or a person directly or indirectly in control, of the broker-dealer or investment adviser.

(b) **Disciplinary conditions-registrants.** If the administrator finds that the order is in the public interest and subsection (d) authorizes the action, an order issued under this chapter may revoke, suspend, condition, or limit the registration of a registrant and, if the registrant is a broker-dealer or investment adviser, of a partner, officer, director, or person having a similar status or performing similar function, or a person directly or indirectly in control, of the broker-dealer or investment advisor.

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(d) **Grounds for discipline.** A person may be disciplined under subsection (a) through (c) if the person:

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(2) Willfully violated or willfully failed to comply with this chapter or the predecessor act or a rule adopted or order issued under this chapter or the predecessor act within the previous ten (10) years;

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(f) **Summary process.** The administrator may suspend or deny an application summarily; restrict, condition, limit, or suspend a registration; or censure, bar, or impose a civil penalty on a registrant before final determination of an administrative proceeding. Upon the issuance of an order, the administrator shall promptly notify each person subject to the order that the order has been issued, the reasons for the action, and that within fifteen (15) days after the receipt of a request in a record from the person the matter will be scheduled for a hearing. If a hearing is not requested and none is ordered by the administrator within thirty (30) days after the date of service of the order, the order becomes final by operation of law. If a hearing is requested or ordered, the administrator, after notice of and



opportunity for hearing to each person subject to the order, may modify or vacate the order or extend the order until final determination.

16. Section 75-71-601(a) of the Act states: “Administration. The administrator shall administer this chapter.”

17. The Division may employ remedies set out in Miss. Code Ann. Section 75-71-604 of the Act which sets forth:

**Administrative Enforcement.**

(a) **Issuance of an order or notice.** If the administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter or that a person has materially aided, is materially aiding, or is about to materially aid an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter, the administrator may:

(1) Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this chapter;

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(3) Issue an order:

(A) Under Section 75-71-204;

(B) Imposing a civil penalty in the case of an issuer of registered securities, broker-dealer, investment advisor, agent, investment adviser representative, or other person who violated this chapter;

(C) Barring or suspending the person from association with a broker-dealer or investment advisor registered in this state; or

(D) Requiring the person to pay restitution for any loss or disgorge any profits arising from the violation, including interest.

(b) **Summary process.** An order under subsection (a) is effective on the date of issuance. Upon issuance of the order, the administrator shall promptly serve each person subject to the order with a copy of the order and a notice that the order has been entered, in accordance with Section 75-71-611. The order must include a statement of any civil penalty or other administrative remedy to be imposed

under subsection (a) or costs of investigation the administrator will seek, a statement of the reasons for the order, and notice that, within fifteen (15) days after receipt of a request in a record from the person, the matter will be scheduled for a hearing. If a person subject to the order does not request a hearing and none is ordered by the administrator within thirty (30) days after the date of service of the order, the order, including the imposition of a civil penalty or other administrative remedy to be imposed under subsection (a) or requirement for payment of the costs of investigation if a civil penalty or costs were sought in the statement accompanying the order, becomes final as to that person by operation of law. If a hearing is requested or ordered, the administrator, after notice of and opportunity for hearing to each person subject to the order, may modify or vacate the order or extend it until final determination.

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(d) **Civil Penalty.** In a final order under subsection (c), the administrator may impose a civil penalty in an amount set forth in Section 75-71-613 for each violation and each violation shall be considered a separate offense in a single proceeding or a series of related proceedings.

18. Rule 5.21(B) of the Rules enacted by the Administrator under the Act sets forth:

**Standards of Conduct.**

Each broker-dealer and agent shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business. Acts and practices, including, but not limited to, the following, are considered contrary to such standards and may constitute grounds for denial, suspension, or revocation of registration, imposition of fines, or such other actions authorized by statute.

(B) Agents

(1) Lending or borrowing money or securities from a customer (unless such customer is a bona fide financial institution whose business is to borrow or lend), or acting as a custodian for money, securities, or an executed stock power of a customer.

The conduct set forth above is not inclusive. Engaging in other conduct such as forgery, embezzlement, non-disclosure, incomplete disclosure or misstatement of material facts, or manipulative or deceptive practices shall also be grounds for denial, suspension, or revocation of registration, or imposition of fines.

19. Miss Code Ann. Section 75-71-613(d) sets forth:

**Amounts of civil and criminal penalties.**

(d) Amount of civil penalty and further civil penalty under Section 75-71-604-administrative enforcement

(1) The amount of the civil penalty described in Section 75-71-604(d) is a maximum of Twenty-five Thousand Dollars (\$25,000.00) for each violation, provided that an additional civil penalty may be imposed up to a maximum of Fifteen Thousand Dollars (\$15,000.00) for violations of the chapter committed against elders or disabled persons.

#### **IV. CONCLUSIONS OF LAW**

20. The previous paragraphs are incorporated by reference.
21. The Secretary of State is responsible for the enforcement of laws regulating the sale of securities and the entities and individuals that sell them under the Act and Rules.
22. Respondent is a broker-dealer agent under Section 75-71-102(4) and is therefore bound by the Act and Rules. Respondent may be disciplined as set forth in Sections 75-71-412, 75-71-604, and 75-71-613.
23. Respondent was associated with Commonwealth from May 2013 to April 2014, during which time he borrowed funds from a customer on March 25, 2014, in violation of Rule 5.21(B)(1).
24. Respondent made a misstatement of material fact when he stated that CT was not a customer at the time Respondent borrowed money from CT, when CT was, in fact, a customer during that time period. This material misstatement was made in violation of Rule 5.21(B).
25. Respondent knew about the pending enforcement action by FINRA when he made contrary representations to the Division on October 15, 2016. In violation of Rule 5.21(B), Respondent made a misstatement of material fact when he represented to the Division that FINRA had not found any violations, when he knew FINRA's investigation was not concluded.

## **V. ORDER**

It is hereby ordered:

26. An administrative penalty of Five Thousand Dollars (\$5,000.00) is assessed against the Respondent as follows:

- a. Two Thousand Five Hundred Dollars (\$2,500.00) for borrowing money from a customer; and
- b. Two Thousand Five Hundred Dollars (\$2,500.00) for material misrepresentations to the Division.

27. The penalty must be paid within thirty (30) days from the date of receipt of this Order unless a hearing is timely requested by the Respondent.

28. The Secretary of State further orders that any securities registration application within six (6) months following the receipt of this Order be denied. Any application for registration by Respondent will continue to be denied until the administrative penalty is paid in full, and terms of a heightened supervision agreement are agreed upon between the Division and any future employer of Respondent.

## **VI. RIGHT TO AN ADMINISTRATIVE HEARING**

If the Respondent wishes to contest the allegations set forth above, or offer evidence and arguments to mitigate the allegations, the Respondent must file a request for a hearing. Such request shall be made in writing to Jeffrey Lee, Senior Attorney, Securities Division of the Mississippi Secretary of State's Office, Post Office Box 136, Jackson, Mississippi 39205, within thirty (30) days from the date of receipt of this Order. In the event such a hearing is requested, the Respondent may appear, with or without the assistance of an attorney, on a date and at a time and place to be specified. Respondent may cross-examine witnesses, present testimony,



evidence, and argument relating to the matters contained herein. Upon request, subpoenas may be issued for the attendance of witnesses and for the production of books and papers on the Respondent's behalf at the hearing relating to the matters contained herein. If an administrative hearing is requested, written notice of the date, time, and place will be given to all parties by certified mail, return receipt requested. Said notice will also designate a Hearing Officer. If a request for hearing is not timely filed, this Order becomes final by operation of law, without any further action required by the Administrator.

#### **VII. PUBLIC INTEREST**

The actions taken and proposed to be taken herein by the Secretary of State are in the public interest and are consistent with the purposes set out in Miss. Code Ann. Section 75-71-101, *et seq.* (2010).

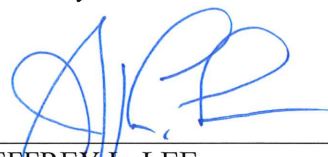
#### **VIII. RIGHT TO AMEND**

In the event a hearing is requested the Secretary of State reserves the right to amend this Order to allege additional violations and to seek additional remedies, including additional fines and civil penalties, and costs associated with the investigation of this matter and costs associated with the legal proceedings in this matter.

ISSUED, this the 12<sup>th</sup> day of April, 2017.

C. DELBERT HOSEMANN, JR.  
Secretary of State

BY:

  
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JEFFREY L. LEE  
Senior Attorney  
Securities Division

CERTIFICATE OF SERVICE

I, Jeffrey L. Lee, do hereby certify that I have this day, mailed a true and correct copy,  
via certified mail, return receipt requested, of the Order to Impose Administrative Penalty and to  
Deny Registration to the following:

Brant Ray  
4073 Chaucer Cove  
Southaven, MS 38672

This the 12<sup>th</sup> day of April 2017.

  
\_\_\_\_\_  
JEFFREY L. LEE  
Senior Attorney  
Securities Division  
Mississippi Secretary of State's Office

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